

Manitoba



ANNUAL REPORT

2008 - 2009

**Manitoba
Horse Racing
Commission**



David Miles (Chair)
Dushant Persaud (Vice-Chair)
Georgine Spooner (Member)
Mary Ann Patrick (Member)
Executive Director: Larry Huber

MANITOBA HORSE RACING COMMISSION

PO BOX 46086 WESTDALE
WINNIPEG MB R3R 3S3

Telephone (204) 885-7770 Facsimile (204) 831-0942
E Mail: mlrc@manitobahorsecomm.org
<http://www.manitobahorsecomm.org>

June 30th, 2009

The Honorable Rosann Wowchuk
Minister of Agriculture, Food and Rural Initiatives
Room 165
Legislative Building
Winnipeg, MB R3C 0V8

Dear Ms. Wowchuk:

Annual Report

The undersigned has the honour to present the Forty Third Annual Report of the Manitoba Horse Racing Commission covering the fiscal year ended March 31st, 2009.

Yours truly,

Manitoba Horse Racing Commission

David Miles
Chair
DM/wfd



David Miles (Président)
Dushant Persaud (Vice-président)
Georgine Spooner (Membre)
Mary Ann Patrick (Membre)
Directeur général Larry Huber

MANITOBA HORSE RACING COMMISSION

C.P. 46086 WESTDALE
WINNIPEG MB R3R 3S3

Telephone (204) 885-7770 Fax (204) 831-0942

Courriel : mhrc@manitobahorsecomm.org
<http://www.manitobahorsecomm.org>

Le 30 juin 2009

L'honorable Rosann Wowchuk
Ministre de l'agriculture, de l'alimentation et des initiatives
Piece 165
Assemblée législative
Winnipeg, MB R3C 0V8

Madame la ministre :

Rapport annuel

Le soussigné a le privilège de vous présenter le 43e Rapport annuel de la Manitoba Horse Racing Commission pour l'exercice financier qui a pris fin le 31 mars 2009.

Bien cordialement,

Commission hippique du Manitoba

(Manitoba Horse Racing Commission)

David Miles
Président
DM/wfd

**FORTY THIRD ANNUAL REPORT
THE MANITOBA HORSE RACING COMMISSION**

For the year ending March 31st, 2009

COMMISSIONERS

David Miles	Chair	Winnipeg
Dushant Persaud	Vice Chair	Winnipeg
Georgine Spooner	Member	Winnipeg
Mary Ann Patrick	Member	Altona

43e Rapport Annuel

**COMMISSION HIPPIQUE DU MANITOBA
(THE MANITOBA HORSE RACING COMMISSION)**

Exercice financier terminé le 31 mars 2009

COMMISSAIRES

David Miles	President	Winnipeg
Dushant Persaud	Vice-président	Winnipeg
Georgine Spooner	Membre	Winnipeg
Mary Ann Patrick	Membre	Altona

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FORTY THIRD ANNUAL REPORT **THE HORSE RACING COMMISSION**

GENERAL

This report covers the twelve months ended March 31st, 2009.

Functions of the Manitoba Horse Racing Commission (MHRC)

As stated in previous annual reports the functions of the MHRC are set out in the Horse Racing Commission Act and the Pari-Mutuel Levy Act.

Under the Horse Racing Commission Act and Regulations thereto the MHRC governs, directs, controls, and regulates horse racing and the operation of all racetracks in Manitoba offering pari-mutuel wagering.

Pursuant to its' responsibility the MHRC passes and enforces rules, licenses all industry participants and racetrack operators, and generally oversees all aspects of horse racing to ensure that it is carried on in a manner that is fair and safe for all participants and that the races are run fairly and honestly and are perceived as such by the public. The MHRC is very cognizant of the importance of ensuring the safety of the horses. To that end a veterinarian is employed to inspect and monitor the condition of all horses running at the track.

The rules are primarily enforced on a day-to-day basis by Stewards/Judges (Officials), employed by the MHRC. In carrying out their duties the Officials not only act as investigators and prosecutors, but also act as judge and jury - making decisions based on their own investigations. Appeals from all decisions of the Officials may be made as a matter of right to the Commission, which is bound to act impartially. There is no appeal as a matter of right to any Court or any entity beyond the Commission, so the hearing of appeals is one of the most important functions of the Commission.

Additionally, under the Horse Racing Commission Act, the MHRC is to perform such other duties and functions that may be imposed upon it by the Lieutenant Governor in Council. Traditionally, the Chair of MHRC has acted as a confidential policy advisor to the Member of the Executive Council charged by the Lieutenant Governor in Council with the administration of the Act.

It should be noted that unlike Commissions in some other provinces it is not part of the function of the MHRC to promote horse racing. The Manitoba Commission is a regulator. The only reference to promotion in either the Horse Racing Commission Act or the Pari-Mutuel Levy Act is Section 13 (1) of the Pari-Mutuel Levy Act, which establishes the Pari-Mutuel Levy Fund for "promotion" of horse racing.

Pursuant to the Pari-Mutuel Levy Act, a fixed percentage of each dollar wagered in Manitoba is collected by the track operator and remitted to the MHRC for distribution as authorized by the Act. The MHRC is charged with the responsibility of adopting a plan on an annual basis for distribution of the funds. The Minister of Finance must approve the plan, once adopted, before it can become effective. The current plan, and that adopted and approved for 2009/10, provides that the Commission is to retain 1% for its own operation and is to distribute the balance, expected to be approximately \$2,600,000, to the racing industry. For the fiscal period covered by this report, from the approximately \$30,200,000 wagered, the Commission retained approximately \$302,000 to cover it's expenses and distributed approximately \$2,062,000 to the

Thoroughbred Horsemen's Benevolent and Protective Association (HBPA) for purse support and \$553,500 to the Canadian Thoroughbred Horse Society (CTHS) to support its breeding program.

As stated in previous reports the Standardbred and Quarter Horse Industries have never received money from the Pari-Mutuel Levy Fund. Traditionally these racing organizations were funded by the Province of Manitoba, supplemented by funds from the MHRC. As set out in the annual report for the period ending March 31st, 2007 for the years 2004 – 2007 these programs were funded by the Manitoba Lotteries Corporation. The funding arrangement was not renewed for 2008. In order to maintain the program for the 2008 summer season the Government of Manitoba contributed \$525,000 to be disbursed *"in part to the Manitoba Great Western Harness Racing Circuit Inc. (Great Western) and the Manitoba Quarter Horse Association (MQHA) for their 2008 horse racing season"*. The government contribution was allocated \$450,000 to Great Western, \$37,500 to MQHA and the balance to MHRC in order to supervise the Great Western race days. This program was continued by the government for the 2009 race season and the grant money will be allocated in the same manner as 2008.

Results Achieved

The Commission continues to carry out extensive human drug and alcohol programs and is pleased to report that once again there were no accidents arising from substandard riding during the past year. The MHRC continues to emphasize education, prevention, and rehabilitation and continues to support "The Winners Foundation" which provides counseling and support programs to all industry participants.

THE PUBLIC DISCLOSURE (WHISTLE BLOWER PROTECTION) ACT

This Act, which came into force April 1st, 2007, applies to the MHRC. Procedures have been implemented as required. There have been no complaints or enquires under this Act.

Racing: April 1st 2008 – March 31st 2009

a) Live and Simulcast Racing at Assiniboia Downs

The total combined live and simulcast wagering for the year at Assiniboia Downs was \$30,177,544. This is a decrease of approximately \$1,300,000 from the period ending March 31st, 2008.

The horse population remained at full capacity. The number of licenses issued for owners and trainers decreased again, not insignificantly, as set out in Schedule C. It should also be noted that the number of "backstretch employees" also decreased not insignificantly. These are the people who work directly with the horses. Furthermore the Commission, as stated in the 2008 report, continues to be concerned that the percentage of workers who are not from Manitoba continues to climb. This is important because traditionally it is these local workers who, as they become older, become owners and trainers. The track owners and horsemen are cognizant of this situation and are working to try to train and employ as many locals as possible. To that end the groom school continued its operation throughout the year and had three graduates all of whom are still working at the racetrack. The MHRC believes that it is fair to say that this labor shortage is common to all Canadian racetracks and in fact common to many other sectors of the Manitoba economy. However it is a trend that is of concern to all industry participants

for the reasons already stated. Furthermore the MHRC is concerned about the trend to cutback on live race days. Seventy days were scheduled for the years 2006 /07 /08 – down from 75 day in 2005. The application for the year 2009 submitted by the Manitoba Jockey Club and supported by the HBPA was for 65 days. This trend cannot be encouraging to local ownership and local breeding industry.

b) **Standardbred Live Racing**

The Manitoba Great Western Harness Racing Circuit raced 23 days with average daily wagering of \$4,767 in 2008 compared to \$5621 in 2007. This decrease is significant and causes concern for the continuation of harness racing throughout rural Manitoba. Throughout the last number of years it has become clear that only four or five towns on the Great Western Circuit are operating successful weekend meets.

c) **Quarter Horse Racing**

In 2008 there were a total of eight -Quarter Horse races run at Assiniboia Downs—as compared to four the previous year. There was, once again, no Quarter Horse Racing in Manitoba outside Winnipeg. For the 2009 season, as previously stated, the Government of Manitoba has contributed \$37,500 towards this industry as a result of which six Quarter Horse races will be run at Assiniboia Downs These races are reportedly being well received by race fans.

CONCLUSION:

The 2008 Annual Report referred to a study on the horse racing industry being carried out by the firm of Price WaterHouseCoopers LLP. This report has been released to the government and the Jockey Club. It is not yet known what changes, if any, will be made as a result of the findings of the report. This Commission is concerned about the contraction of the industry as a whole. It is the view of this Commission that efforts should be made by all interested parties to coordinate and merge elements which each component of the industry have in common in order to strengthen the industry as a whole.

43e RAPPORT ANNUEL
LA COMMISSION HIPPIQUE DU MANITOBA

(THE MANITOBA HORSE RACING COMMISSION – MHRC)

Généralités

Ce rapport couvre la période de douze mois qui a pris fin le 31 mars 2009.

Fonctions de la Commission hippique du Manitoba (Manitoba Horse Racing Commission – MHRC)

Les activités de la MHRC sont indiquées dans la *Horse Racing Commission Act* ainsi que la *Pari-Mutuel Levy Act*.

Selon la loi de la *Horse Racing Commission Act and Regulations*, la MHRC gouverne, dirige, contrôle et réglemente les courses de chevaux ainsi que les opérations de tous les hippodromes du Manitoba qui offrent la possibilité de pari mutuel.

En accord avec ses responsabilités, la MHRC adopte et applique les règlements, accorde les permis à tous les participants de l'industrie ainsi qu'aux opérateurs d'hippodromes, et en général supervise tous les aspects des courses de chevaux afin d'assurer que le sport se déroule d'une manière équitable et sécuritaire pour tous les participants et que les courses se déroulent d'une manière équitable et honnête aux yeux du public. La MHRC reconnaît l'importance d'assurer la sécurité des chevaux. À cette fin, un vétérinaire est embauché pour inspecter et surveiller la condition de tous les chevaux qui participent aux courses.

Les règlements sont appliqués sur une base quotidienne par des commissaires et des juges (officiels) employés par la MHRC. Dans l'exécution de leurs tâches, ces officiels peuvent agir non seulement à titre d'enquêteurs et de procureurs, mais aussi en tant que jury et juge et prendre des décisions basées sur leurs propres enquêtes. Des appels concernant toutes les décisions des officiels peuvent être déposés à l'endroit de la commission, qui se doit d'agir d'une manière impartiale. Il n'y a pas la possibilité d'interjeter un appel dans une cour ou autre entité à l'extérieur de la commission et par conséquent la procédure d'instruire un appel est une des activités les plus importantes de la commission.

Aussi, selon la loi de la *Horse Racing Commission Act*, la MHRC doit aussi assumer les responsabilités et tâches que peut lui déléguer le lieutenant gouverneur en conseil. Selon la tradition, le président de la MHRC a agi en tant que conseiller confidentiel en matière de politique au membre du conseil exécutif chargé par le lieutenant gouverneur en conseil d'appliquer la loi.

Il est à noter que, contrairement aux commissions des autres provinces, la MHRC ne fait pas la promotion des courses de chevaux. La commission du Manitoba agit en tant qu'organisation de réglementation. La seule référence à la promotion comme telle dans la *Horse Racing Commission Act* ou la *Pari-Mutuel Levy Act* est la section 13 (1) de la *Pari-Mutuel Levy Act* qui établit un fonds de prélèvement pour le pari mutuel (*Pari-Mutuel Levy Fund*) afin de promouvoir les courses de chevaux.

Selon la *Pari-Mutuel Levy Act*, un pourcentage fixe de chaque dollar misé au Manitoba est recueilli par l'opérateur d'hippodrome et remis à la MHRC pour distribution tel qu'autorisé par la loi. La MHRC détient la responsabilité d'adopter un plan sur une base annuelle pour la distribution des fonds. Le ministre des Finances doit donner son approbation au plan tel qu'adopté afin que celui-ci puisse entrer en vigueur. Le plan actuel, ainsi que celui qui a été adopté pour l'année 2009-2010, prévoit que la commission retiendra 1 % pour ses propres opérations et distribuera ce qui reste, approximativement 2 600 000 \$, à l'industrie du hippisme. Pour l'exercice financier couvert par ce rapport, du montant approximatif de 30 200 000 \$ qui avait été misé, la commission a retenu environ 302 000 \$ afin de défrayer ses dépenses et a distribué environ 2 062 000 \$ à la *Thoroughbred Horsemen's Benevolent and Protective Association (HBPA)* pour payer les bourses et 553 500 \$ à la *Canadian Thoroughbred Horse Society (CTHS)* afin de soutenir son programme de sélection.

Tel qu'indiqué dans les rapports des années précédentes, les industries des chevaux standardbred et quarter horse n'ont jamais reçu de l'argent du *Pari-Mutuel Levy Fund*. Traditionnellement, ces organisations de course étaient financées par la Province du Manitoba, en plus de recevoir des fonds de la MHRC. Comme il est écrit dans le rapport pour l'exercice financier qui s'est terminé le 31 mars 2007, pour les années 2004-2007, ces programmes ont été financés par la Corporation manitobaine des loteries. Cette entente n'a pas été renouvelée pour l'année 2008. Afin de continuer le programme pour la saison estivale de 2008 le gouvernement du Manitoba a contribué 525 000 \$ à être distribués « en partie au *Manitoba Great Western Harness Racing Circuit Inc. (Great Western)* et la *Manitoba Quarter Horse Association (MQHA)* pour leur saison de courses 2008 ». La contribution du gouvernement a été distribuée comme suit : 450 000 \$ à *Great Western*, 37 500 \$ à la MQHA et le reste à la MHRC afin de superviser les journées de course *Great Western*. Le gouvernement a poursuivi le programme pour la saison de courses 2009 et la contribution a été distribuée de la même manière qu'en 2008.

Résultats

La commission continue de l'avant avec ses programmes exhaustifs de dépistage de drogue et d'alcool et la commission est donc heureuse de pouvoir affirmer qu'une fois de plus il n'y a pas eu d'accident causé par des courses qui se sont déroulées en dessous de la norme. La MHRC continue de mettre l'accent sur l'éducation, la prévention et la réadaptation et continue d'appuyer la fondation des gagnants (*The*

Winners Foundation) qui fournit des programmes de counselling et de soutien à tous les participants de l'industrie.

LOI SUR LES DIVULGATIONS FAITES DANS L'INTÉRÊT PUBLIC (PROTECTION DES DIVULGATEURS D'ACTES RÉPRÉHENSIBLES)

Cette loi, qui est entrée en vigueur le 1^{er} avril 2007, s'applique à la MHRC. Les procédures afférentes ont été mises en œuvre selon les exigences. Il n'y a pas eu de plaintes ou d'enquêtes selon cette loi.

Les courses : 1^{er} avril 2008 – 31 mars 2009

a) Courses en direct et diffusion simultanée à Assiniboia Downs

Le total des paris pour les courses en direct et diffusion simultanée à Assiniboia Downs pour l'année était de 30 177 544 \$. Ce montant représente une baisse d'environ 1 300 000 \$ comparativement à la période qui avait pris fin le 31 mars 2008.

La population des chevaux est demeurée à pleine capacité. Le nombre de permis pour les propriétaires et les entraîneurs a encore une fois connu une baisse assez importante, tel qu'indiqué dans l'annexe C. À noter aussi, le nombre de travailleurs dans les écuries a connu une baisse assez importante. Il s'agit ici des individus qui travaillent directement avec les chevaux. Qui plus est, la commission remarque avec inquiétude que le pourcentage de travailleurs qui ne sont pas originaires du Manitoba continue d'augmenter. Ce détail est important parce que traditionnellement ce sont ces travailleurs locaux qui, avec le temps, deviennent propriétaires et entraîneurs. Les propriétaires de l'installation de course et les professionnels du monde équestre sont conscients de cette situation et travaillent à former et embaucher autant de personnes locales que possible. À cette fin, l'école de formation a continué à fonctionner au cours de l'année et les 3 finissants travaillent toujours à Assiniboia Downs. La MHRC croit qu'il est juste d'affirmer que cette pénurie de main-d'œuvre persiste au sein de toutes les pistes de courses au Canada et même au sein d'autres secteurs de l'économie au Manitoba. Cependant, il s'agit d'une tendance qui préoccupe tous les intervenants de l'industrie pour les raisons déjà citées. De plus, la MHRC se préoccupe de la tendance à couper le nombre de jours des courses en direct. On a prévu 70 jours pour les années 2006, 2007 et 2008 comparativement à 75 jours en 2005. La demande soumise pour l'année 2009 par le *Manitoba Jockey Club* et soutenue par la HBPA était pour 65 jours. Cette tendance n'a rien d'encourageant pour les propriétaires et l'industrie de l'élevage locaux.

b) **Courses standardbred en direct**

Le *Manitoba Great Western Harness Racing Circuit* a tenu 23 jours de courses avec une moyenne quotidienne de paris totalisant 4 767 \$ en 2008 comparativement à 5 621 \$ en 2007. Cette baisse est importante et est une source de préoccupation pour l'avenir des courses attelées dans les régions rurales du Manitoba. Au cours des dernières années, il est devenu évident que seuls quatre ou cinq villages du *Great Western Circuit* ont connu un succès avec les courses en fin de semaine.

c) **Courses quarter horse**

En 2008 il y a eu un total de huit courses quarter horse à Assiniboia Downs comparativement à quatre l'année précédente. Une fois de plus, il n'y a pas eu de course quarter horse au Manitoba à l'extérieur de Winnipeg. Pour la saison 2009, tel qu'il est indiqué plus haut, le gouvernement du Manitoba a contribué 37 500 \$ à l'industrie et il en résulte que six courses quarter horse auront lieu à Assiniboia Downs. Ces courses sont bien appréciées de la part des amateurs des courses de chevaux.

CONCLUSION

Le rapport annuel 2008 faisait référence à une étude sur l'industrie des courses de chevaux menée par la firme PricewaterhouseCoopers LLP. Le gouvernement et le *Jockey Club* ont reçu le rapport. On ne sait pas encore quels changements seront apportés, le cas échéant, suite aux résultats de ce rapport. La commission s'inquiète de la contraction éventuelle de l'industrie dans son ensemble. C'est le point de vue de la commission que tous les intervenants devraient faire l'effort pour coordonner et fusionner les éléments communs de chaque composant de l'industrie dans le but de renforcer l'industrie dans son ensemble.

SCHEDULE A

Assiniboia Downs

Live Racing

	<u>2008</u>	<u>2007</u>
Wagering on Live Racing	5,092,742	5,586,141
Number of Live Race Days	68	69
Number of Live Races	541	558
Average Daily Wagering (Live)	74,893	80,959
Average Live Wager per race	9,413	10,011
Purses Paid Out	5,351,600	5,662,920
Per Race Purse Average	9,892	10,011

Simulcast Racing

	<u>2008/09</u>	<u>2007/08</u>
<u>Simulcast Wagering</u>	\$ 25,084,802	\$ 25,892,851
Number of Race Days	364	364
Average Daily Wagering (Simulcast)	68,914	71,134

Totals

	<u>2008</u>	<u>2007</u>
<u>Pari-Mutuel Wagering</u>	\$ 30,177,544	\$ 31,478,992
Number of Race Days	364	364
Average Daily Wagering	82,905	86,480

SCHEDULE B

Rural Racing

	<u>Racing Days</u>		<u>Amount Wagered</u>	
<u>Standardbred</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>
Virden	0	2		16,608
McCreary	2	2	5,539	3,508
Dauphin	2	0	8,867	0
Deloraine	1	2	9,950	11,832
Glenboro	2	2	9,379	7,556
Holland	4	5	16,521	18,360
Killarney	4	3	26,177	18,283
Portage	4	1	27,503	5,609
Wawanesa	2	2	14,136	11,379
Miami	<u>2</u>	<u>4</u>	<u>11,216</u>	<u>16,513</u>
Subtotal	23	23	\$ 129,288	\$ 109,648

There was no Rural Quarter Horse Racing in 2008

Other Comparative Statistics

	<u>2007</u>	<u>2008</u>
Total Overnight Purses - Standardbred	\$ 284,880	\$ 270,000
Per Race Purse Average - Standardbred	\$ 1,548	\$ 1,467

Provincial Support Programs

	<u>2007</u>	<u>2008</u>
Race Meet Support - Standardbred	\$377,822	\$375,000
Breeders/Owners Incentives - Standardbred	110,000	112,500
Purses/Breeders/Owners Incentives - Quarter Horse (quarter horse programs operated from Assiniboia Downs)	12,000	37,500
TOTALS	<u>\$500,000</u>	<u>\$525,000</u>

SCHEDULE C**MANITOBA HORSE RACING COMMISSION****Occupational Licenses and Registration for the year ending**

Occupational Licenses	Thoroughbred		Standardbred	
	2008	2007	2008	2007
Owner/Trainer	95	101	39	33
Trainer	22	18	2	1
Assistant Trainer	16	17	0	2
Owner/Trainer/Driver	0	0	23	17
Owner/Driver	0	0	0	3
Jockey (1/4 & Amateur incl.)	32	38	0	0
Apprentice Jockey/Exercise Rider	55	56	0	0
Driver	0	0	3	2
Driver/Trainer	0	0	0	0
Jockey Agent	8	9	0	0
Officials	12	11	6	7
Backstretch	201	189	7	5
Occ 1 (Assoc., Kitchen, etc.)	92	124	0	0
Occ 2 (Press, daycare etc.)	68	97	0	0
Occ 3 (Tradesmen, etc.)	29	23	0	0
Occ 5 (Veterinarians, etc.)	6	7	0	0
Vet assistant	6	<u>5</u>	0	<u>0</u>
TOTAL LICENSES ISSUED:	<u>642</u>	<u>695</u>	<u>80</u>	<u>70</u>

Registrations & Non-Occupational

	Thoroughbred		Standardbred	
	2008	2007	2008	2007
Owners	476	495	63	72
Sponsored Persons	82	85	0	1
Partnerships	183	218	28	17
Stable Names	132	98	1	2
Colours	48	34	0	0
Leases	0	0	0	0
Authorized Agents	175	229	4	8

SCHEDULE D

MANITOBA HORSE RACING COMMISSION

<u>Thoroughbred</u>	<u>2008</u>	<u>2007</u>
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Rulings	146	207
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Fines	\$12,925	\$10,950
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<u>Standardbred</u>	<u>2008</u>	<u>2007</u>
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Rulings	19	14
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Fines	\$ 1,316	\$ 655
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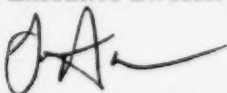
MANAGEMENT REPORT

The accompanying financial statements are the responsibility of management and have been prepared in accordance with Canadian generally accepted accounting principles. In management's opinion the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgment regarding all necessary estimates and all other data available. The financial information presented elsewhere in the annual report, is consistent with that in the financial statements.

Management maintains internal controls to provide reasonable assurance as to the reliability and accuracy of the financial information and to ensure that the assets of the Commission are properly safeguarded.

The responsibility of the Auditor General for Manitoba is to express an independent professional opinion as to whether the financial statements are presented fairly, in all material respects.

Larry Huber
Executive Director

A handwritten signature in black ink, appearing to read 'L. Huber', with a long horizontal flourish extending to the right.

Date: June 30th, 2009

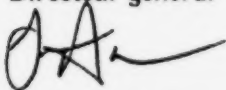
Rapport de la direction

Les états financiers ci-joints sont la responsabilité de la direction et ont été préparés conformément aux principes comptables canadiens généralement reconnus. À notre avis, les états financiers ont été convenablement préparés à l'intérieur des limites de l'importance relative des renseignements, en y incorporant le meilleur jugement de la direction en ce qui a trait aux estimations requises ainsi que toutes autres données disponibles. L'information financière présentée ailleurs dans ce rapport annuel est conforme à ce que l'on retrouve dans les états financiers.

La direction maintient des contrôles internes afin d'assurer, et ce dans la mesure du possible, que l'information financière est précise et fiable et aussi que les actifs de la commission soient bien protégés.

La responsabilité du vérificateur général du Manitoba est d'exprimer une opinion professionnelle indépendante à savoir que les états financiers ont été présentés d'une manière équitable dans tous leurs aspects importants.

Larry Huber
Directeur général



Date: le 30 juin 2009

**The Manitoba Horse Racing Commission
Financial Statements**

March 31st, 2009

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OFFICE OF THE
AUDITOR GENERAL
MANITOBA

AUDITORS' REPORT

To the Legislative Assembly of Manitoba, and
To the Board of Commissioners of Manitoba Horse Racing Commission

We have audited the statement of financial position of the Manitoba Horse Racing Commission as at March 31, 2009, and the statements of operating revenue and expenses and fund balances and cash flow for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2009, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Auditor General

Office of the Auditor General

Winnipeg, Manitoba
June 1, 2009

THE MANITOBA HORSE RACING COMMISSION

Statement of Financial Position
as at March 31, 2009

	General Fund	Capital Asset Fund	Parl-Mutuel Levy Fund	Rural Fund	H.B.P.A. Fund	C.T.H.S. Fund	Total	
							Year ended March 31 2009	2008
ASSETS								
Current								
Cash	\$ 14,939	\$ -	\$ -	\$ 9,774	\$ 64,326	\$ 251,840	\$ 340,679	\$ 408,939
Parl-mutuel levy receivable	-	-	7,216	-	-	-	7,216	5,564
Interfund balances	740	-	(7,216)	-	5,088	1,388	-	-
Accounts receivable	16,300	-	-	-	-	-	16,300	13,650
Receivable from Province of Manitoba - Pension	12,529	-	-	-	-	-	12,529	387,729
	44,508	-	-	9,774	69,414	253,028	376,724	735,862
Long term investment (Note 3)	307,729	-	-	-	-	-	307,729	-
Capital assets (Note 6)	-	13,439	-	-	-	-	13,439	14,448
	<u>\$ 352,237</u>	<u>\$ 13,439</u>	<u>\$ -</u>	<u>\$ 9,774</u>	<u>\$ 69,414</u>	<u>\$ 253,028</u>	<u>\$ 697,892</u>	<u>\$ 750,330</u>
LIABILITIES AND FUND BALANCES								
Current								
Accounts payable and accrued liabilities	\$ 16,520	\$ -	\$ -	\$ 9,774	\$ 69,414	\$ 253,028	348,736	372,625
Deferred revenue	2,415	-	-	-	-	-	2,415	1,795
	18,935	-	-	9,774	69,414	253,028	351,151	374,420
Provision for employee pension benefits (Note 4)	320,258	-	-	-	-	-	320,258	387,729
	339,193	-	-	9,774	69,414	253,028	671,409	682,019
Fund Balances								
Unrestricted	13,044	-	-	-	-	-	13,044	51,292
Invested in Capital Assets	-	13,439	-	-	-	-	13,439	14,448
Restricted	-	-	-	-	-	-	-	2,571
	<u>\$ 352,237</u>	<u>\$ 13,439</u>	<u>\$ -</u>	<u>\$ 9,774</u>	<u>\$ 69,414</u>	<u>\$ 253,028</u>	<u>697,892</u>	<u>750,330</u>

APPROVED BY THE COMMISSION

David Miles
B. Chouhst

Chairman

Comptroller

See accompanying notes to the financial statements

THE MANITOBA HORSE RACING COMMISSION

Statement of Cash Flow

For the year ended March 31, 2009

	2009	2008
Cash and cash equivalents provided by (used for) the following activities		
Operating activities:		
Excess (deficiency) of revenues over expenses	\$ (41,828)	\$ 6,127
Amortization	2,095	1,984
	(39,733)	8,111
Changes in working capital accounts		
Pari-mutuel levy receivable	(1,852)	41,830
Prepaid expenses	-	7,388
Accounts receivable	(2,650)	1,780
Receivable from Province of Manitoba - Pension	295,200	(19,393)
Accounts payable and accrued liabilities	(23,799)	(61,581)
Deferred revenue	660	(1,160)
Provision for employee pension benefits (Note 4)	12,529	19,393
	240,555	(3,632)
Investing and Financing activities:		
Purchase of capital assets	(1,086)	(1,177)
Long term investment	(307,729)	-
	(308,815)	(1,177)
Increase (decrease) in cash	(68,260)	(4,809)
Cash and cash equivalents, beginning of year	408,939	413,748
Cash and cash equivalents, end of year	\$ 340,679	\$ 408,939

See accompanying notes to the financial statements

THE MANITOBA HORSE RACING COMMISSION

Notes to the Financial Statements
For the year ended March 31, 2009

1. Nature of the operations

The Manitoba Horse Racing Commission (Commission) was established under The Horse Racing Commission Act to govern, direct, control and regulate horse racing and the operations of horse race tracks in Manitoba.

The operating expenses of the Commission in excess of revenue derived from its regulatory activities are funded by a grant from the Department of Agriculture, Food and Rural Initiatives, interest earned on the General Fund, as well as a proportionate share of the Pari-Mutuel Levy according to the Plan for Distribution.

Revenues and expenses related to program delivery and administrative activities of the Commission are reported in the General Fund.

Capital Asset Fund represents the net investment of the Commission in capital assets.

Effective April 1, 1997, Pari-mutuel Levy Act (the "Act") was enacted. The Act provides for the establishment of a Pari-mutuel Levy Fund for the promotion of horse racing in Manitoba. The fund is collected by the Commission and distributed in accordance with a Plan For Distribution, as required by the Act.

The Rural Fund is used for funding of the rural circuit as well as Quarter Horse racing. Funding for the Rural Fund is provided through a grant from the Department of Agriculture, Food and Rural Initiatives.

Horsemen's Benevolent Protection Association (H.B.P.A.) Fund is to be used for overnight purses at Assiniboia Downs. Funding for the H.B.P.A. Fund is provided through the Pari-mutuel Levy Act based on the Plan For Distribution approved by the minister responsible for the administration of the Act.

Canadian Thoroughbred Horseman Society (C.T.H.S.) Fund is to be used for breeder's and owner's incentives at Assiniboia Downs. Funding for the C.T.H.S. Fund is provided through the Pari-mutuel Levy Act based on the Plan For Distribution approved by the minister responsible for the administration of the Act.

THE MANITOBA HORSE RACING COMMISSION

Notes to the Financial Statements
For the year ended March 31, 2009

2. Significant accounting policies

General

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP).

Fund Accounting

The Commission follows the restricted fund method of accounting for contributions.

Financial Instruments

Financial assets and liabilities are initially recorded at fair value. Measurement in subsequent periods depends on the financial instrument's classification. Financial instruments are classified into one of the following five categories: held for trading; available for sale; held to maturity; loans and receivables; and other financial liabilities. All financial instruments classified as held for trading or available for sale are subsequently measured at fair value with any change in fair value recorded in net earnings. All other financial instruments are subsequently measured at amortized cost.

The Commission's financial instruments consist of cash, long term investment, accounts receivable, pari-mutuel levy receivable, receivable from Province of Manitoba - pension and accounts payable and accrued liabilities.

The Commission has designated its financial instruments as follows:

Cash and long term investment are classified as financial assets held for trading and are measured at fair value with gains and losses recognized in net earnings.

Accounts receivable, pari-mutuel levy receivable and receivable from Province of Manitoba - pension are classified as loans and receivables. These financial assets are recorded at their amortized cost using the effective interest rate method.

Accounts payable and accrued liabilities are classified as other financial liabilities. These financial liabilities are recorded at their amortized cost using the effective interest rate method.

Gains and losses on financial instruments subsequently measured at amortized cost are recognized in the statement of operating revenues and expenses in the period the gain or loss occurs. Changes in fair value on financial instruments classified as held for trading are recognized in the statement of operating revenues and expenses for the current period. Changes in fair value on financial instruments classified as available for sale are recorded in the statement of fund balances until realized, at which time they are recorded in the statement of operating revenue and expenses.

Fair value of financial instruments

Due to the redeemable nature of cash its carrying value is considered to be fair value.

THE MANITOBA HORSE RACING COMMISSION

Notes to the Financial Statements For the year ended March 31, 2009

The fair value of long term investment, accounts receivable, pari-mutuel levy receivable, receivable from Province of Manitoba - pension, accounts payable and accrued liabilities approximate their carrying values due to their short-term maturity.

Revenue recognition

Restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be estimated and collection is reasonably assured.

Funding from the Province of Manitoba includes the Commission's share of provisions recorded for unfunded pension liabilities.

Pension costs

These consist of the employer's share of pension benefits paid to retired employees, as well as the increase in the employee pension benefits liability during the fiscal year. This liability is determined actuarially every three years with the balances for the intervening years determined by formula provided by the actuary. The most recent valuation was completed as at December 31, 2007. Experience gains or losses are recognized in the year the actuarial valuation is completed.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known.

New accounting policies adopted

Effective April 1, 2008 the Commission adopted the following new handbook sections issued by the Canadian Institute of Chartered Accountants (CICA):

Section 1535, Capital Disclosures

Section 1535 establishes standards for disclosing information about an entity's capital and how it is managed. These standards require an entity to disclose its objectives, policies and processes for managing capital, a summary of quantitative data about what it manages as capital and whether it complied with any externally imposed capital requirements to which it is subject and, if not, the consequences of such non-compliance (Note 8).

Financial Instruments

In late 2008, the Canadian Institute of Chartered Accountants provided an option to not-for-profit organizations with respect to Financial Instruments. Not-for-profit organizations may choose to apply

THE MANITOBA HORSE RACING COMMISSION

Notes to the Financial Statements For the year ended March 31, 2009

Financial Instruments - Disclosure, Section 3862 and Financial Instruments - Presentation, Section 3863 or may elect to continue to apply Financial Instruments - Disclosure and Presentation, Section 3861. The Commission has elected to continue to apply Financial Instruments - Disclosure and Presentation, Section 3861.

Section 1400, General Standards of Financial Statement Presentation

Section 1400 has been amended to include requirements to assess and disclose an entity's ability to continue as a going concern. This amendment is effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008. The adoption of these changes have no impact on the Commission's financial statements.

Fund transfers

i) Capital fund transfers

Fund transfers represent allocations from the General Fund to the Capital Asset Fund for capital acquisitions.

ii) Pari-mutuel levy fund transfer

A pari-mutuel levy is collected by the Commission for the promotion of horse racing in Manitoba. The Pari-mutuel Levy Fund is then distributed in accordance with the Plan for Distribution.

Capital Assets

Capital assets are recorded at cost. Amortization is provided on a straight-line basis over the assets' estimated useful lives, as follows:

Computer equipment	5 years
Security equipment	10 years
Furniture	10 years

Future Accounting Pronouncements

Section 4430, Capital Assets Held by Not-for-profit Organizations (NFPO)

Section 4430 has been amended to provide additional guidance with respect to the appropriate use of the scope exemption for smaller entities that expense their capital assets. It was clarified that the exemption does not allow NFPOs to capitalize but not amortize their capital assets, nor does it allow different methods of accounting for various types of capital assets. This amendment applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009.

Section 4400, Financial Statement Presentation by Not-for-profit Organizations

Section 4400 was amended to remove the requirement to treat net assets invested in capital assets as a separate component of net assets, and, instead, permitting such an amount to be presented as a category of internally restricted net assets. In addition, the requirement to recognize and present revenues and expenses on a gross basis when a not-for-profit

THE MANITOBA HORSE RACING COMMISSION

Notes to the Financial Statements For the year ended March 31, 2009

organization is acting as a principal in the transaction was clarified. Finally, guidance was included to reflect that Section 1540 Cash Flow Statements and Section 1751 Interim Financial Statements are applicable to not-for-profit organizations. These new requirements apply to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009. Early adoption of a Cash Flow Statement was prepared for March 31, 2009.

3. Long term investment

In 2009 the Province of Manitoba made payment of the March 31, 2008 receivable balance related to prior years' funding for the pension liability. This payment has been placed in a trust account (bearing interest at 0.55%) maturing March 30, 2010 on behalf of the Manitoba Horse Racing Commission, and held until the cash is required to discharge the related liabilities. As this is only likely to happen in a future year, this amount has been classified as a long term asset.

4. Provision for employee pension benefits

The Commission follows the accrual method of accounting for its employee pension benefits liability.

An actuarial valuation of the employee pension benefit liability as at December 31, 2007 was conducted by Ellement & Ellement Ltd., Consulting Actuaries. The key actuarial assumptions were a rate of return of 7% (2004 - 7%), 2.50% inflation (2004 - 2.50%), salary rate increases of 3.25% (2004 - 3.25%) and post retirement indexing at 2/3 of the inflation rate. The service to date projected benefit method was used and the liabilities have been estimated to March 31, 2009 using a formula provided by the actuary and adjusted for a provision for adverse experience and a trust fund credit.

Provision for employer's share of employees' pension plan:

	2009	2008
Balance, beginning of year	\$ 307,729	\$ 288,336
Benefits accrued	14,272	13,163
Interest accrued on benefits	25,680	20,594
Benefits paid	(15,620)	(14,364)
Experience gain	(11,803)	-
Balance, end of year	\$ 320,258	\$ 307,729

The Commission's pension plan costs consist of the following:

	2009	2008
Benefits accrued	\$ 14,272	\$ 13,163
Interest accrued on benefits	25,680	20,594
Experience gain	(11,803)	-
Pension cost	\$ 28,149	\$ 33,757

THE MANITOBA HORSE RACING COMMISSION

Notes to the Financial Statements
For the year ended March 31, 2009

5. Fees, licenses and fines

	2009	2008
Assiniboia Downs		
Daily licenses	\$ 71,150	\$ 66,975
Fees and licenses	35,436	36,648
Fines	14,212	11,490
	<u>120,798</u>	<u>115,113</u>
Rural Circuit		
Fees and licenses	822	570
Fines	395	1,030
	<u>1,217</u>	<u>1,600</u>
	<u>\$ 122,015</u>	<u>\$ 116,713</u>

6. Capital assets

	2009		2008	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	\$ 11,599	\$ 3,390	\$ 11,599	\$ 2,695
Security equipment	2,714	856	1,629	448
Furniture	7,572	4,200	7,571	3,208
	<u>\$ 21,885</u>	<u>\$ 8,446</u>	<u>\$ 20,799</u>	<u>\$ 6,351</u>
Net book value		<u>\$ 13,439</u>		<u>\$ 14,448</u>

7. Financial Instruments Risk Management

The Commission has exposure to the following risks from its use of financial instruments:

- Liquidity risk
- Interest rate risk
- Credit risk
- Currency risk

THE MANITOBA HORSE RACING COMMISSION

Notes to the Financial Statements
For the year ended March 31, 2009

Liquidity risk

Liquidity risk arises from the possibility of the Commission having insufficient financial resources to meet its financial obligations when they come due. The Commission mitigates this risk through cash management. Accounts payable and accrued liabilities are typically paid when due.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rate exposure relates to cash and long term investment. The interest rate risk on cash and long term investment is considered to be low due to their short term nature.

Credit risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments which potentially subject the Commission to credit risk consist principally of cash, long term investment, pari-mutuel levy receivable, accounts receivable and receivable from Province of Manitoba - pension.

Cash is not exposed to significant credit risk as cash is held with a large reputable financial institution.

Long term investment and receivable from Province of Manitoba - pension are not exposed to significant credit risk as both are with the Province of Manitoba.

Pari-mutuel receivable and accounts receivable are not exposed to significant credit risk as payment in full is typically collected when due. No allowance for doubtful accounts is required.

Currency Risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. The Commission is not exposed to significant foreign currency risk as it does not have any financial instruments denominated in foreign currency.

8. Capital management

The Commission's objective when managing capital is to ensure that its expenditures closely match their revenues. Capital consists of the various fund balances in the amount of \$26,483 (2008 - \$68,311). The Commission is not subject to externally imposed capital requirements. There have been no changes in the Commission's approach to capital management during the period.

9. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.

THE MANITOBA HORSE RACING COMMISSION

Schedule 1 - General Fund Operating Expenses For the year ended March 31, 2009

Expenses	2009	2008
Bad Debt	\$ 184	\$ 1,930
Commissioners' per diem and honoraria	23,023	15,816
Drug, alcohol and security	9,849	7,718
Employee benefits	26,757	27,520
Equipment and office furniture	3,290	5,821
Equipment rentals	2,171	3,709
Insurance	923	893
Memberships and dues	5,475	(472)
Office	17,140	20,287
Pension cost (Note 4)	28,149	33,757
Professional fees	13,449	8,412
Recruiting costs	-	2,000
Salaries:		
Administration	137,832	124,048
Security	18,776	17,791
Stewards and judges	133,128	122,863
Veterinarian services	52,104	51,654
Support grant	15,926	15,739
Telephone	8,131	6,421
Travel	15,589	18,419
	<u>\$ 511,898</u>	<u>\$ 484,326</u>



AUDITORS' REPORT
Schedule of Compensation Paid to Commission Members and Employees

To the Legislative Assembly of Manitoba, and
To the Board of Commissioners of the Manitoba Horse Racing Commission

We have audited the Schedule of Compensation Paid to Commission Members and Employees of the Manitoba Horse Racing Commission for the year ended December 31, 2008, prepared in accordance with Section 2 of The Public Sector Compensation Disclosure Act. This financial information is the responsibility of the Commission's management. Our responsibility is to express an opinion on this financial information based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial information is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial information. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial information.

In our opinion, this schedule presents fairly, in all material respects, the commission members and employees compensation payments of the Manitoba Horse Racing Commission for the year ended December 31, 2008, in accordance with the provisions of The Public Sector Compensation Disclosure Act.

Office of the Auditor General

Office of the Auditor General

Winnipeg, Manitoba
June 4, 2009

THE MANITOBA HORSE RACING COMMISSION

Schedule of Compensation Paid to Commission Members and Employees For the Year Ended December 31, 2008

The Public Sector Compensation Disclosure Act requires disclosure of the aggregate compensation paid to the Commission's Board members and of individual compensation paid to Board members or staff, where such compensation exceeds \$50,000 per year. In the year 2008 the Commission paid the Board members in aggregate \$15,493. In the year 2008, the Commission paid the following employees in excess of \$50,000.

Name	Position	Compensation (\$'s)
Huber, Larry	Executive Director	76,476
Meek, Dr. Joseph	Commission Veterinarian	53,301



925-1834

ken@corporatesourceinc.com

THE MANITOBA HORSE RACING COMMISSION

Statement of Operating Revenue and Expenses and Fund Balances for the year ended March 31, 2009

	General Fund	Capital Asset Fund	Restricted Funds				Total	
			Pari-Mutuel Levy Fund	Rural Fund	H.B.P.A. Fund	C.T.H.S. Fund	Year ended March 31 2009	2008
Revenue								
Fees, licenses and fines (Note 5)	\$ 122,015	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 122,015	\$ 116,713
Grant revenue	38,000	-	-	487,000	-	-	525,000	500,000
Interest	415	-	-	-	-	-	415	14,592
Pari-mutuel levy	-	-	2,917,999	-	-	-	2,917,999	3,032,682
Employee future benefits (Note 4)	12,529	-	-	-	-	-	12,529	19,393
	<u>172,959</u>	<u>-</u>	<u>2,917,999</u>	<u>487,000</u>	<u>-</u>	<u>-</u>	<u>3,577,958</u>	<u>3,683,380</u>
Expenses								
General Fund operating expenses (Schedule 1)	511,896	-	-	-	-	-	511,896	484,326
Overnight purse support thoroughbred	-	-	-	-	2,062,549	-	2,062,549	2,149,903
Owners/breeders incentive thoroughbred	-	-	-	-	-	553,675	553,675	579,940
Quarter Horse support	-	-	-	12,000	-	-	12,000	12,000
Amortization of capital assets	-	2,095	-	-	-	-	2,095	1,884
Standardbred rural	-	-	-	477,571	-	-	477,571	450,000
	<u>511,896</u>	<u>2,095</u>	<u>-</u>	<u>489,571</u>	<u>2,062,549</u>	<u>553,675</u>	<u>3,619,786</u>	<u>3,677,253</u>
Excess (deficiency) of revenues over expenses	(338,937)	(2,095)	2,917,999	(2,571)	(2,062,549)	(553,675)	(41,828)	8,127
Capital fund transfer (Note 2)	(1,086)	1,086	-	-	-	-	-	-
Pari-mutuel levy fund transfer (Note 2)	301,775	-	(2,917,999)	-	2,062,549	553,675	-	-
Fund balances, beginning of year	51,292	14,448	-	2,571	-	-	68,311	62,184
Fund balances, end of year	\$ 13,044	\$ 13,439	\$ -	\$ -	\$ -	\$ -	\$ 26,483	\$ 68,311

See accompanying notes to the financial statements

